



DESC World Wide Energy Conference 2004

Utilities Privatization Perspective of a Regulated Utility



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Agenda

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- **UP Basics**
- **Program Improvements**
- **Making Progress**



General

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- **For an existing utility, this is simply an extension of the system on to private property**
- **Leadership within OSD and the Services continue to work to understand the issues**
- **Concerns are being addressed**



Program Improvements

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- **Bundled bid requirement - removed**
- **Due diligence cost - reduced,
Government provides system data to
develop the bid**
- **High cost of bid preparation with non-
standard RFPs - cost is reduced with
standard templates**
- **Federal taxes - policy guidance issued**
- **Pre-existing environmental conditions -
clarified, government takes
responsibility**



Program Improvements

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- **Rigid pricing requirements** - pricing options now allow for tariffs and special contracts
- **Different operating practices** - standard utility operating practices can be proposed
- **Unpredictable economic evaluation process** - developed UPEAST model for evaluation
- **AF Right-of-Way document** - Right of Access



Program Improvements

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• **Communication**

- Regular updates - management wants to know
- Recognize and understand utility constraints
- Resources required to respond to information requests
- Schedule
- Process



Making Progress

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- **Consistent application of policies in the field**
- **Limited government knowledge of utility accounting and operating practices**
- **Communication**



Summary

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- **Process is much improved**
- **A few “Show Stoppers” still exist**
- **Government and industry are working to remove obstacles that exclude viable competitors**



Questions?

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